

KEYS TO RUNNING A SUCCESSFUL BEVERAGE OPERATION

PURPOSE: This operational guide is provided to assist Air Force club management and beverage staff in increasing profitability within the beverage arena.

SCOPE: This guide applies to club management and beverage servers.

GENERAL: Your staff impacts every aspect of the operation, from portioning and service to marketing and collections. While avoiding as many mistakes as you can hardly guarantees success, it will help you avoid the alternative.

GUIDANCE: In the beverage business, there are a number of critical errors that should be avoided like the plague. Listed below is a summary of critical errors beverage operations make:

- 1. Loss of Control:** Failing to implement an effective inventory control system places your entire operation at risk. You should have the capability of knowing exactly what inventory you have, what you paid for it, at what rate you use it, and exactly where it is at any time. Tracking inventory throughout your operation doesn't require software. It's a matter of simple bookkeeping.
- 2. Monitoring portion control:** If you can't measure it, you can't control it. Determining your beverage's ongoing cost percentages (pour costs) reveals your level of profitability. The more frequently you conduct an audit and determine your pour cost, the more insight you'll have into your operation. If the audit indicates a problem, you'll be able to respond quickly and with specific, timely information.
- 3. Weak links:** Your business is only as strong and vital as your weakest employee. What your people don't know can certainly hurt you. Ongoing training is an investment, not a hardship. The bartending staff impacts every aspect of your operation, from portioning and marketing your bill of fare to rendering prompt and gracious hospitality to your customers. Your cash flow also passes through their hands. You **must** have an effective ongoing training program.
- 4. Fiscal responsibility:** One of the crucial disciplines to instill into your operation is strict portioning controls. Over-pouring is an insidious source of loss and it also hastens and exacerbates intoxication. Beverage servers portion and prepare the product, plus handle all sales proceeds before your register or POS system knows anything about the transaction. Implement tight cash controls and look to reduce your vulnerability to theft.
- 5. Productivity:** Calculating sales per hour is easy and is an effective means of assessing employee effectiveness. Productivity measures employee sales-per-hour and is computed by dividing the shift's gross sales by the number of hours the bartender worked. If the bartender sales-per-hour comes in consistently below the staff average, then a problem may exist. The bartender may move to slow or they could have a negative personality and attitude. Finally, they could be stealing. There isn't a method of stealing that won't negatively affect productivity.

6. Suds watch: We lose roughly 20 percent of the draft beer we purchase to waste, spillage and theft. With interest in draft beer soaring, clamping down on draft cost is essential. Operations that depend on draft beer sales should consider investing in a draft beer control system.

7. Shoddy Product: Insure the bartenders work with a clearly defined set of recipes or the result is the loss of product, consistency, fluctuating costs and shoddy, hit or miss drinks. Add some pizzazz to your beverage lineup. Shake up your specialty drinks and spice things up to keep your customers interested.

8. Slash Prices: Develop bar menus, table tents, wipe off boards on which to market your house specialties. If you've created interesting signature drinks, make sure you announce your success. The only marketing some clubs do is to slash prices during social hour. Strive instead to promote your business from the inside out.

9. Employee handbook: A employee handbook is a vital tool for employees as well as management. Insure the employee handbook is comprehensive and well structured. It should clearly define the employees' job description, areas of responsibilities and all the operation's policies and procedures. Without it, legally holding employees accountable for their actions is practically impossible.

SUMMARY: Things are managed; people are led. Make every effort to become a dynamic leader, one who leads by example. Your staff is the lifeblood of your operation, and without them all enterprise ceases. Acknowledge and encourage their efforts and nearly all other management issues are abated. The result surely will be a more profitable operation.